

Message Text

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ACTION EUR-12

INFO OCT-01 AF-06 IO-11 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02

OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 STR-04 CEA-01

AGR-05 OES-03 CU-02 GSA-01 SAM-01 ACDA-05 SAJ-01 /126 W

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R 231250Z JAN 76

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 362

INFO ALL EC CAPITALS 1585

AMEMBASSY ADDIS ABABA

AMEMBASSY KINSHASA

AMEMBASSY LUSAKA

AMEMBASSY MOSCOW

USMISSION USUN NEW YORK

C O N F I D E N T I A L EC BRUSSELS 00702

E.O. 11652: GDS

TAGS: PFOR, EAID, EEC, AO, CG, ZA

SUBJECT: ANGOLA: EC DEVELOPMENT AID TO ZAIRE AND ZAMBIA

REF: (A) LUXEMBOURG 62, (B) STATE 11908 (NOTAL)

1. SUMMARY: IN CONNECTION WITH THE POLITICAL DIRECTORS DISCUSSION OF ANGOLA (REF A), WE SPOKE WITH THE EC COMMISSION'S DEVELOPMENT DIRECTORATE WHO INFORM US THAT COMMUNITY FINANCED AID TO ZAIRE AND ZAMBI UNDER THE EDF IS TARGETED AT 100 MILLION UNITS OF ACCOUNT (UA) AND 40 MILLION UA, RESPECTIVELY, OVER THE NEXT FOUR YEARS. THE COMMISSION IS CONCERNED OVER THE DETERIORATING SITUATION OF THESE BORDER STATES BUT HAS NO SPECIAL AID EFFORTS UNDER CONSIDERATION AT PRESENT. END SUMMARY.

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2. REFTTEL A NOTES THAT THE EC POLITICAL DIRECTORS AT

THEIR JAN. 19-20 MEETING IN LUXEMBOURG, "URGED THE EC COMMISSION TO BE MORE FLEXIBLE AND GENEROUS IN PROVIDING FINANCIAL ASSISTANCE TO THOSE AFRICAN COUNTRIES WHICH HAVE SUFFERED BECAUSE OF THE ANGOLAN WAR, I.E. ZAIRE AND ZAMBIA". WE CONTACTED THE OFFICIAL IN THE EUROPEAN DEVELOPMENT FUND (EDF) IN CHARGE OF EDF ASSISTANCE TO ZAIRE AND ZAMBIA IN ORDER TO GAIN A BETTER UNDERSTANDING OF CURRENT AND PROJECTED EC ASSISTANCE TO THESE TWO BORDER STATES.

3. AVAILABLE EC AID: IN ADDITION TO BILATERAL MEMBER STATE AID, THE COMMUNITY HAS PROVIDED AID TO ZAIRE AND ZAMBIA UNDER THE FIRST, SECOND AND THIRD EDFs, AND WILL SOON BE PROGRAMMING AID UNDER THE FOURTH EDF OF THE LOME CONVENTION. IN ADDITION THE EC COULD PROVIDE ASSISTANCE THROUGH ITS FOOD AID PROGRAM (THOUGH NEITHER ARE CURRENTLY RECEIVING EC FOOD AID, WE UNDERSTAND ZAIRE HAS INFORMALLY APPROACHED THE COMMISSION WITH A REQUEST).

4. ACCORDING TO OUR EDF SOURCE, ZAIRE'S SHARE OF EC DEVELOPMENT ASSISTANCE AVAILABLE UNDER THE FOURTH EDF IS EXPECTED TO AMOUNT TO APPROXIMATELY 100 MILLION UA OVER FOUR YEARS WHILE ZAMBIA IS EXPECTED TO RECEIVE ABOUT 40 MILLION UA. A PROGRAMMING MISSION TO ZAMBIA TOOK PLACE IN NOVEMBER 1975 AND THE MISSION TO ZAIRE, HEADED BY DEPUTY DIRECTOR-GENERAL MAURICE FOLEY, IS SCHEDULED TO TAKE PLACE IN MAY. ROAD PROJECTS, AGRICULTURAL DEVELOPMENT, EDUCATION AND HEALTH PROJECTS ARE THE MAIN PROGRAMS LIKELY TO BE FINANCED IN THE TWO COUNTRIES. FINAL DECISIONS MUST AWAIT POST-PROGRAMMING MISSION EVALUATIONS BY THE EDF IN CONJUNCTION WITH THE EC NINE, AS WELL AS THE FORMAL ENTRY INTO FORCE OF THE LOME CONVENTION ITSELF WHICH IS EXPECTED IN THE SPRING. THUS RESOURCES ARE NOT LIKELY TO BEGIN TO FLOW TO ZAIRE OR ZAMBIA UNDER THE FOURTH EDF UNTIL LATER IN THE YEAR AT THE EARLIEST.

5. WITH RESPECT TO THE OTHER FORMS OF AID AVAILABLE UNDER THE LOME CONVENTION (STABEX, EDF REGIONAL FUNDS, CONFIDENTIAL

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EDF "EXCEPTIONAL AID", AND EUROPEAN INVESTMENT BANK (EIB) RESOURCES), OUR CONTACT SAID THAT WHILE SOME EIB RESOURCES MIGHT BE AVAILABLE FOR ZAMBIA, THE EIB IS "FRIGHTENED OF ZAIRE" UNLESS MOBUTU ACCEPTS SOME OF THE AUSTERITY MEASURES PROPOSED BY THE IMF. (COMMISSIONER CHEYSSON HAD PREVIOUSLY EXPRESSED HIS SERIOUS CONCERN TO THE AMBASSADOR AFTER A RECENT VISIT TO ZAIRE. HE IS WORRIED THAT THE DETERIORATING

SITUATION UNDER MOBUTU IS PREVENTING ANY REAL PROSPECT FOR ECONOMIC IMPROVEMENT).

6. AS REGARDS STABEX AND EXCEPTIONAL AID, OUR SOURCE IS HIGHLY DOUBTFUL THAT THESE WOULD BENEFIT EITHER ZAIRE OR ZAMBIA, ESPECIALLY AS THE PRODUCT OF GREATEST INTEREST, COPPER, IS NOT ELIGIBLE FOR STABEX. SIMILARLY "EXCEPTIONAL AID" IS A HIGHLY RESTRICTED FUND MEANT FOR NATURAL DISASTER RELIEF, ETC.

7. INCREASED ASSISTANCE DUE TO THE ANGOLA SITUATION? WE ASKED OUR CONTACT HOW HE INTERPRETS THE POLITICAL DIRECTORS' REQUEST FOR MORE AID IN VIEW OF EXISTING AND PROPOSED ASSISTANCE PROJECTS. HE HAD NOT YET BEEN BRIEFED ON THE POLITICAL DIRECTORS DISCUSSIONS BUT WAS QUICK TO POINT OUT THAT IT IS EASY TO URGE THE COMMISSION TO DO MORE BUT VERY DIFFICULT TO IMPLEMENT SUCH A PLEDGE. HE NOTED THAT AVAILABLE RESOURCES UNDER THE FOURTH EDF HAD BEEN TENTATIVELY APPORTIONED BY THE COMMISSION (IN CONSULTATION WITH THE MEMBER STATES) LAST SUMMER, PRIOR TO THE PROGRAMMING MISSIONS TO THE ACP COUNTRIES (I.E., 100 M.U.A. FOR ZAIRE AND 40 M.U.A. FOR ZAMBIA). HE SAID THAT A VARIETY OF TRADITIONAL DEVELOPMENT CRITERIA WERE USED TO ARRIVE AT THESE SHARES, INCLUDING POPULATION, PER CAPITA GNP, ETC. IN THIS WAY, HE SAID, ZAIRE AND ZAMBIA ARE, TO THE EXTENT THAT THE ANGOLAN SITUATION INFLUENCES THESE DEVELOPMENT CRITERIA, ALREADY RECEIVING SPECIAL CONSIDERATION. NO FURTHER SPECIAL EFFORT IS BEING MADE, NOR IS LIKELY TO BE MADE IN HIS VIEW, TO BOOST EC ASSISTANCE TO THESE BORDER STATES. GREENWALD

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